

LAW OFFICES

SEWELL, JUNELL & RIGGS

10413-A

900 CAPITAL NATIONAL BANK BUILDING

RECORDATION NO. Filed 1425 HOUSTON, TEXAS 77002

LEIGHTON MOSS

(713) 652-8757

JUN 4 1979 - 10 45 AM May 22, 1979

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

Gentlemen:

(713) 652-8700

TELEX: 77-5564

RECORDATION NO. 10413
JUN 4 1979 - 10 45 AM
INTERSTATE COMMERCE COMMISSION

In accordance with Section 20(c) of the Interstate Commerce Act, we enclose for filing with the Commission an original and two counterparts each of the following documents:

1. Security Agreement and Chattel Mortgage

Debtor: James C. Graves
1700 West Loop South
Houston, Texas 77027

Secured
Party: Capital National Bank
1300 Main at Polk
Houston, Texas 77002

Collateral: two (2) 20,800 gallon capacity
railroad tank cars numbers GLNX 21048
and GLNX 21049

2. Security Agreement - Contract Rights and General Intangibles

Debtor: James C. Graves
1700 West Loop South
Houston, Texas 77027

Secured Party: Capital National Bank
1300 Main at Polk
Houston, Texas 77002

Collateral: All right, title and interest to
Debtor in and to accounts and
contract rights arising under the
Management Agreement between Debtor
and Glenco Transportation Services,
Inc. dated the 18th day of May,
1979, and all leases then or thereafter
existing covering the railroad tank
cars described in No. 1 above.


Secretary of Interstate
Commerce Commission
Page Two

We also enclose our check in the amount of \$50.00 as fees for recordation of the aforesaid documents. Please let us know if this amount is adequate.

Please return the original of each document to the undersigned.

Yours very truly,

SEWELL, JUNELL & RIGGS

By 
Leighton E. Moss

LEM/bw
Enc.

RECORDATION NO. 10413-1
Filed 1425
JUN 4 1979-10 45 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT -- ACCOUNTS,
CONTRACT RIGHTS AND GENERAL INTANGIBLES

HOUSTON, TEXAS

JAMES C. GRAVES, a resident of Texas with his business address at 1700 West Loop South, Suite 1205, Houston, Harris County, Texas, hereinafter called "Debtor," and CAPITAL NATIONAL BANK, a national banking association with its principal offices at 1300 Main at Polk, Houston, Harris County, Texas, hereinafter called "Secured Party," agree as follows:

Section I. Creation of Security Interest.

Debtor hereby grants to Secured Party a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever or however created or incurred.

Section II. Collateral.

The collateral ("Collateral") of this Security Agreement is all of the right, title and interest of Debtor in and to all accounts ("Accounts") and contract rights and general intangibles (collectively, "Contract Rights") of Debtor, including, without limiting the foregoing, all rights of Debtor in and under (i) that certain Management Agreement dated May 18, 1979, between Debtor and Glenco Transportation Services, Inc., and (ii) any and all management agreements and leases relating to railroad tank cars GLNX 21048 and GLNX 21049.

Section III. Payment Obligations

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due from Debtor to Secured Party in any manner or at any time, including, without limitation any sums due and owing pursuant to any promissory note or notes now or hereafter executed by Debtor to evidence indebtedness to Secured Party.

(2) All proceeds in the form of cash and negotiable instruments for the payment of money received by Debtor in payment of any of the assigned Accounts or Contract Rights will the occurrence of an Event of Default be held in

trust for Secured Party and promptly paid over to Secured Party for application upon the indebtedness of Debtor to Secured Party, the order and method of application to be in the sole discretion of Secured Party.

(3) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the maximum rate of interest permitted by law with respect to Debtor.

(4) Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under Section V of this Security Agreement.

Section IV. Debtor's Warranties, Representations and Agreements.

Debtor warrants, represents and agrees that:

(1) The Collateral will meet the following requirements continuously from the time each part of the Collateral comes into existence until it is collected in full:

(a) The Account or Contract Right is not subject to any prior or subsequent assignment, claim, lien or security interest other than that of Secured Party.

(b) The Account or Contract is not subject to any set off, counterclaim, defense, allowance or adjustment other than discounts for prompt payment shown on the invoice, or to dispute, objection or complaint.

(2) Debtor's only place of business is that appearing at the beginning of this agreement. Debtor will promptly notify Secured Party of any change of location of any place of business or of the addition of any new place of business.

(3) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

(4) Except for the security interest granted in this Security Agreement, or as may otherwise exist in favor of Secured Party, there is no lien, security interest or encumbrance in or on the Collateral; and Debtor is the owner of the Collateral.

(5) In the event any goods, the sale or other disposition of which creates any Account or Contract Right which is included in the Collateral, are returned to Debtor for credit, Debtor hereby grants unto Secured Party a security interest in such goods.

(6) Without the prior written consent of Secured Party, Debtor will not acquire any inventory subject to any lien, encumbrance or security interest except in favor of Secured Party.

(7) The office where Debtor keeps its records concerning the Accounts and Contract Rights covered by this Security Agreement is the address set forth at the beginning of this Agreement.

(8) Debtor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Security Agreement and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the maximum rate of interest permitted by law with respect to Debtor.

(9) Debtor shall not submit or represent to Secured Party any Account or Contract Right as one against which loans may be made which does not meet every requirement in every respect prescribed by this Security Agreement.

(10) Debtor shall notify Secured Party promptly in writing when any Account or Contract Right against which a loan was or may be made under this Security Agreement ceases to meet any of the requirements of this Security Agreement.

(11) Debtor shall at all times keep complete and accurate books and records reflecting all facts concerning each Account and Contract Right, including those pertaining to Debtor's warranties, representations and agreements under this Security Agreement, and make or allow Secured Party to make written designation on Debtor's books and records to reflect thereon the assignment to Secured Party of each

Account or Contract Right covered by this Security Agreement.

(12) Upon demand of Secured Party, Debtor shall hold all proceeds received in payment of or on an Account or Contract Right, and shall hold all other Collateral of this Security Agreement, for or on behalf of Secured Party.

(13) Debtor shall not, voluntarily or involuntarily, subject the Collateral or its proceeds or allow the Collateral or its proceeds to be subjected to any interest of any transferee, buyer, secured party, encumbrancer or other third person, shall not modify the contract with the Account Debtor or diminish any security for an Account or Contract Right without giving Secured Party five days notice in advance in writing and without first receiving written consent from Secured Party.

(14) Debtor shall, at its expense, do, make, procure, execute, and deliver all acts, things, writings and assurances as Secured Party may at any time require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(15) Debtor shall sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.

Section V. Events of Default.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default").

(1) Loss, theft, substantial damage, destruction, sale or encumbrance of or to any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.

(2) Failure to pay any indebtedness of Debtor to Secured Party when the same shall become due.

Section VI. Secured Party's Rights and Remedies.

A. Rights Exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be

assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee except those granted in this Security Agreement.

(2) Secured Party may call at Debtor's place or places of business during normal business hours without hindrance or delay, inspect, audit, check and make extracts from the books, records, journals, orders, receipts, correspondence and other data relating to the Collateral or to any transaction between Debtor and Secured Party, and Debtor shall assist Secured Party in making any such inspection.

(3) Secured Party may subrogate to all of Debtor's interests, rights and remedies in respect to any Account or Contract Right.

(4) Secured Party may make any demand upon or give any notice to Debtor by its deposit in the mails or with a telegraph company, addressed to Debtor at Debtor's address shown at the beginning of this Security Agreement, or to the change of such address of which Debtor has last notified Secured Party in writing.

(5) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the maximum rate of interest permitted by law with respect to Debtor.

(6) Secured Party may render and send to Debtor a statement of account showing loans made, all other charges, expenses and items chargeable to Debtor, payment made by Debtor against the loans, proceeds collected and applied to the loans, other appropriate debits and credits, and the total of Debtor's indebtedness on the loans as of the date of the statement of account, and the statement of account shall be considered correct in all respects and accepted by and conclusively binding upon Debtor, except for specified objections which Debtor makes in writing within five days from the date upon which the statement of account is sent.

B. Remedies in the Event of Default.

(1) Upon the occurrence of an Event of Default, or if Secured Party believes that the prospect of payment of any indebtedness secured hereby or the performance of this Agreement is impaired, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of Texas, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, and Debtor agrees to pay such expenses, plus interest thereon at the maximum non-usurious rate of interest permitted by laws of the State of Texas with respect to Debtor. Debtor shall remain liable for any deficiency.

(2) Upon written notice to Debtor Secured Party may notify or require Debtor to notify Account Debtors obligated on any or all of Debtor's Accounts or Contract Rights to make payment directly to Secured Party, and may take possession of all proceeds of any Accounts or Contract Rights in Debtor's possession.

(3) Secured Party may take any steps which Secured Party deems necessary or advisable to collect any or all Accounts, Contract Rights, proceeds or other Collateral, or to sell, transfer, compromise, discharge or extend the whole or any part of the Accounts, Contract Rights, proceeds or other Collateral, and apply the proceeds thereof to Debtor's indebtedness to Secured Party in accordance with this Agreement.

(4) After the occurrence of an Event of Default, Secured Party may receive, open and dispose of mail addressed to Debtor and execute, sign and endorse negotiable and other instruments for the payment of money, documents of title or other evidences of payment, shipment or storage for any form of Collateral or proceeds on behalf of and in the name of Debtor.

(5) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(6) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

Section VII. Additional Agreements.

(1) The term "Debtor" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.

(2) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantative meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(3) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

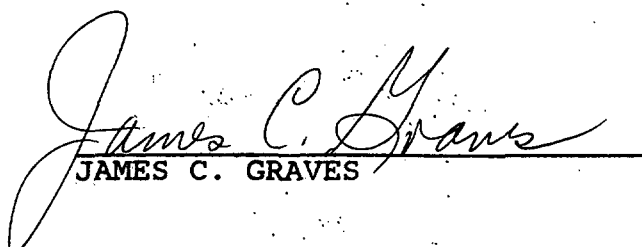
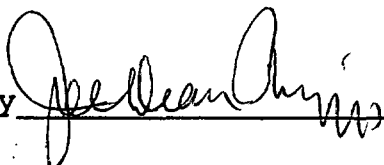
EXECUTED this the 18th day of May, 1979.

SECURED PARTY:

DEBTOR:

CAPITAL NATIONAL BANK

By


JAMES C. GRAVES

mailed
5-30

May 22, 1979

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

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JUN 11 9 08 AM '79
I.C.C.
FEE OPERATION

Secretary of Interstate
Commerce Commission
Page Two

\$100.00

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By _____
Leighton E. Moss

LEM/bw
Enc.